CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

April 15, 2008

The Capital Projects and Bond Oversight Committee met on Tuesday, April 15, 2008, at 9:00 AM, in Room 169 of the Capitol Annex. Representative Mike Denham, Chair, called the meeting to order.

Present were:

Members: Senator Elizabeth Tori, Co-Chair; Representative Mike Denham, Co-Chair; Senator Tom Buford; and Representatives Robert Damron, Steven Rudy, and Jim Wayne.

Guests testifying before the Committee: Bob Wiseman, University of Kentucky; John Hicks, Governor's Office for Policy and Management; Mike Hardin, Department of Fish and Wildlife; Ken Marks and Nancy Brownlee, Finance and Administration Cabinet; Sandy Williams, Kentucky Infrastructure Authority; Tom Howard and Terri Fugate, Office of Financial Management; Tom Rousakis, Goldman Sachs; and Mark Grundy, Greenebaum Doll & McDonald.

LRC Staff: Nancy Osborne, Shawn Bowen, Kristi Culpepper, Pat Ingram, Don Mullis, and Lesa Prewitt.

Representative Denham asked Nancy Osborne, Committee Staff Administrator, to review the correspondence and information items. Ms. Osborne said correspondence items included quarterly status reports from the Finance and Administration Cabinet and the universities that manage their own capital construction programs, Murray State University, Northern Kentucky University, University of Kentucky, University of Louisville, and Western Kentucky University. Some significant changes since the January 2008 submissions include completion of the Kerr Hall Renovation project at the Kentucky School for the Deaf, the Somerset Aviation project at the Somerset Community College (Kentucky Community and Technical College System), the Morehead State University Expand Student Wellness Center project, and the Franklin Technology Center on the campus of the Bowling Green Community and Technical College.

The second item of correspondence was the quarterly status report on court facility projects submitted by the Administrative Office of the Courts (AOC). Since the January 2008 submission, four additional court projects are in construction in the counties of Green, Laurel, Logan, and Robertson. Ms. Osborne noted that of the 18 projects authorized by the 2005 General Assembly, 16 are now in construction and two are in design. The 2006 General Assembly authorized 17 court facilities, four of these projects are in Phase B (design/development), and 13 are in Phase A (schematic design). The third item was a spreadsheet reporting allocations from the Postsecondary Education Major Item of Equipment Pool for the period ending March 31, 2008.

Ms. Osborne then briefly reviewed various items in the monthly Staff Update, including a Request for Proposals (RFP) issued by the University of Kentucky for a master plan for the Coldstream Research Campus. Eastern Kentucky University has also entered into a contract for a master plan development for its main Richmond campus and the Corbin, Manchester, Danville, Lancaster, Hazard, and Somerset extended campuses. The Western Kentucky Student Life Foundation (Foundation) will renovate five dormitories on the Western Kentucky University (WKU) campus using proceeds from a $26 million bond issue. These are the last remaining residence halls to undergo renovation since WKU sold the facilities to the Foundation in 1999.

Also included in members' folders was a status report on proposed legislation relating to the jurisdiction of the Committee.

Representative Denham asked Bob Wiseman, Vice President for Facilities Management, University of Kentucky, to report a lease modification for the College of Pharmacy located at 1020 Export Street. Mr. Wiseman reported an additional $40,400 in renovation costs associated with the fit-up of this building. The renovations include electrical wiring upgrades for the computer and communications room, additional building security enhancements, and new paint for third floor offices. He noted that the initial lease, approved by the Committee in June 2007, included $65,532 in renovation costs. The cost of the modifications will be amortized over the five year term and will increase the university's monthly rental cost by $673.

In response to a question from Representative Wayne, Mr. Wiseman said the space being rented costs $10 SF. This modification will result in a higher rate over the term of the lease.

Representative Denham asked if these modifications are necessary for the College of Pharmacy to expand its work. Mr. Wiseman responded affirmatively. He explained that the university tries to put offices associated with colleges in leased space off the main campus and out of prime campus real estate. This facility houses the Endowment and Alumni Affairs office, faculty offices, continuing education, and some research management functions that do not have day-to-day connections with the College of Pharmacy. No action was required by the Committee for lease modifications under $50,000.

Noting that a quorum was now present, Representative Denham asked the secretary to call the roll. Representative Rudy made a motion to approve the minutes of the March 20, 2008, meeting. The motion was seconded by Representative Wayne and approved by voice vote.

Representative Denham next asked John Hicks, Deputy Budget Director, (GOPM), and Ken Marks, Deputy Commissioner, Department for Facilities and Support Services, to present the monthly project report submitted by the Finance and Administration Cabinet.

Mr. Hicks first reported an allocation of $71,000 from the Emergency Repair, Maintenance, and Replacement Account to assist in funding a project to prevent water infiltration in the Kentucky Educational Television (KET) Network Building in Lexington. He said water infiltration through the masonry walls above the lower roof sections was discovered during the installation of a new roof on the building. The repair project will protect the new roof and prevent water damage to the KET facility and equipment. Mr. Hicks said in addition to the allocation from the Emergency Account, this project will be supplemented with $40,000 from KET's 2006-08 Maintenance Pool for a total project scope of $111,000.

In response to a question from Representative Wayne, Mr. Hicks said KET had a $200,000 Maintenance Pool for 2006-08. The unobligated balance in the pool, after this allocation, is about $80,000. He explained that they did not want to use the entirety of KET's pool because KET has expensive equipment as well as their own facility, that needs to be maintained with these funds.

In response to a question from Representative Wayne, Mr. Hicks said he thought there would be enough funds remaining in KET's maintenance pool for emergencies.

Representative Wayne asked if there were any other sources of money available for this project. Mr. Hicks said there was no other source of funding. One other option would be to tap funds from KET's operating budget, but those funds were tight. He explained that KET incurred a 3% budget reduction in the current fiscal year. No action is required by the Committee for Emergency Account allocations.

Mr. Hicks next reported an unbudgeted project for the Kentucky Community and Technical College System (KCTCS), to purchase an Educational/Workforce Readiness Information Technology System at a cost of $750,000. The project will be funded with 100% federal funds from the U.S. Department of Labor under the Workforce Investment Act. These funds are administered by the Education Cabinet, Office of Employment and Training, and will be transferred to KCTCS through a memorandum of agreement.

Mr. Hicks said this project will help KCTCS address the need for developmental education to assist students in math, science, reading, and English. These are students who are not prepared for college level work or whose job readiness skills are not sufficient for a certain level in employment. This computer-based learning diagnostic and assessment system will enable KCTCS to partner with the community and technical colleges as well as other entities, including adult learning education centers and one-stop career centers. Mr. Hicks said this project is unique because KCTCS is providing use of the system to an audience that is broader than the students enrolled in KCTCS.

Representative Rudy made a motion to approve the project. The motion was seconded by Representative Damron and passed by unanimous roll call vote.

The next report Mr. Hicks presented was a $250,000 restricted fund scope increase for the Eastern Kentucky University Renovate Residence Hall project. This project was authorized in the 2004-2006 budget for $7,500,000 (Agency Bonds) to renovate Clay Hall. Mr. Hicks said the funds are derived from university housing fees and will be used to cover the cost of renovations to the elevators. The elevator renovations had been eliminated from the main project during the design phase to keep the project within scope. This scope increase of 3.3% will allow for the elevators to be renovated along with the facility.

Representative Damron made a motion to approve the project scope increase. The motion was seconded by Senator Tori and passed by unanimous roll call vote. The revised project scope is $7,750,000.

The last item Mr. Hicks reported was a project for the Department of Fish and Wildlife Resources entitled Laurel Creek Gorge Acquisition - Elliott County. The project has a scope of $2,000,000, and will be funded from the 2006-08 Fees-In-Lieu of Stream Mitigation Projects pool. The funds will be used by Fish and Wildlife to purchase fee simple title to 750 acres in Elliott County (Laurel Creek Gorge) as a means of implementing a wetland preservation project. Funds will also be used to restore and enhance 83,000 feet of Laurel Creek. Mr. Hicks said the method by which the Department is protecting wetlands and streams is through the acquisition of land for preservation, which is an allowable use under the statute.

Representative Denham asked if this was the first time the state acquired land using Stream Mitigation pool funds. Mr. Hicks responded affirmatively, and said this was the first large land acquisition associated with the use of these funds for this purpose. He said the Department of Fish and Wildlife indicated it has a much smaller 100 acre acquisition associated with Laurel Creek in Elliott County.

Representative Wayne asked how the project will be managed and if the public will have access. Mike Hardin, Environmental Section Chief, Department for Fish and Wildlife Resources, said that Laurel Creek Gorge will be open to the public and Fish and Wildlife will manage it.

In response to questions from Representative Wayne, Mr. Hardin said land is being acquired on both sides of the stream, and it is approximately six miles of the gorge property about mid-stream. He said he could not recall how far out the buffer was for certain, but it was approximately a mile across and it extends a long way. No Committee action was required.

Representative Denham asked Nancy Brownlee, Director, Division of Real Properties, to discuss a lease report. Ms. Brownlee reported a new lease of office space for the Cabinet for Health and Family Services, Commission for Children with Special Health Care Needs (PR-4354) in Fayette County. She said advertisements were placed for 11,000 SF of space, and four proposals were received. The current lessor, B & C Investments, submitted the winning proposal. The new rate is $13.75 SF, or $150,040 annually, an increase of 8%.

Representative Damron made a motion to approve the lease. The motion was seconded by Senator Buford and passed by unanimous roll call vote.

Representative Denham said in the interest of time, five Kentucky Infrastructure Authority (KIA) Fund A (Federally Assisted Wastewater Revolving Loan Fund) loans scheduled for presentation at today's Committee meeting would be deferred until the May meeting. Each of the loans has a project bid date after May 2008. The loans are City of Bowling Green; Sanitation District #1 (Boone, Kenton, and Campbell Counties); City of Elizabethtown; City of Somerset; and City of Paducah.

Sandy Williams, Financial Analyst, KIA, presented two new KIA loans for the Committee's approval. The first request was a Fund A loan in the amount of $7,494,225 for the City of Nicholasville in Jessamine County. The funds will be used to assist in funding a $9,554,625 project to extend sewer lines to an annexed area of the City. The interest rate is 3.0% and the term is 20 years.

Senator Tori made a motion to approve the Fund A loan. The motion was seconded by Representative Damron and passed by unanimous roll call vote.

The second request Ms. Williams reported was a $500,000 Fund B loan (Infrastructure Revolving Loan Fund with state-supported debt service) for the City of Hindman in Knott County. The proceeds will be used to construct a raw water line to a newly constructed well at the Vocational Education Building in Knott County. The interest rate is .6% and the term is 20 years.

Representative Rudy made a motion to approve the Fund B loan. The motion was seconded by Senator Buford and passed by unanimous roll call vote.

Ms. Williams next presented various coal/tobacco development grants that were funded through line item appropriations from the General Assembly in 2005 and 2006. No Committee action was required.

Tom Howard, Executive Director, Office of Financial Management (OFM); Terry Fugate, Deputy Executive Director, OFM; and Tom Rousakis, Vice President, Goldman Sachs, came to the table to discuss Kentucky Economic Development Finance Authority (KEDFA) Louisville Arena Project Revenue Bonds, Tax-Exempt Series 2008 A and Taxable Series 2008 B (First Lien Bonds), Series 2008 C (Second Lien Bonds), and 2008 D (Third Lien Bonds), in an amount not to exceed $360,000,000.

Mr. Howard said turmoil in the municipal marketplace has made it necessary to seek restructuring alternatives. He said he wanted to make sure it was on the record that this restructuring does not increase the state's support for the project in any way.

Mr. Rousakis then introduced others in the audience who were available to answer questions about the bonds or the project: Harold Workman, President and CEO, and Laura Chandler, Executive Advisor, Kentucky State Fair Board; Bill Davis, Bond Counsel, Stoll, Keenon, Odgen; John Hilkene and Paula Yancey, PC Sports; Tom Bond, General Contractor, Mortenson Construction; and Mark Grundy, General Counsel, Greenebaum Doll & McDonald.

Mr. Rousakis said the financing for this project is from a combination of various revenue streams from the Commonwealth, the Louisville Metro Government, and the Louisville Arena Authority (Authority). He said the Authority has worked with the rating agencies with the goal of obtaining an investment grade rating. The Authority had been working with Ambac as the primary insurer on this transaction. However, Ambac is one of many insurers that have impacted by the market turmoil in and, as a result, their ratings have been called into question and do not provide as much value to investors. Because of the uncertainty in the financial markets, the Authority has had to look at other alternatives.

Mr. Rousakis said they have been working with two other bond insurers, FSA and Assured Guaranty. Assured Guaranty is expected to provide a commitment on the full amount of the bonds. Ambac has already given the Authority a commitment. He said once the Authority has both commitments, they will compare the two.

Mr. Rousakis said another option being considered as a credit enhancement is a letter of credit from a consortium of banks. No less than 15 local and national banks have been contacted and responses have been received from a number of them. PNC Bank has stepped up to lead a syndicate for the potential liquidity facility on the transaction, and US Bank is currently looking to provide a letter of credit on the transaction. These types of facilities will be used in case they need to issue variable rate bonds.

If the Authority issues variable rate debt, it also plans to enter into an interest rate swap to achieve a fixed rate. He said they are looking at the most efficient ways to receive and maintain an investment grade rating. Higher borrowing costs would put the Authority in the position of having to issue sub-investment grade bonds, and in this market, the rate on those bonds would be exorbitant. Also, it is questionable whether investors would purchase them.

Mr. Rousakis said a fixed rate bond issue, the original plan of finance, is still a viable option right now for the Authority. It is the simplest option and it is the option that shifts the most risk to investors. He said once they have a commitment from the insurer and get the go ahead from those entities, it will take 30-60 days to price and close this transaction.

Representative Denham asked if the Authority can sell the bonds given the current market. Mr. Rousakis said he was extremely confident that the bonds will sell. He said there is good tone in the market. He thought the market was backing up to account for a lot of supply. Many municipal issuers are planning to convert out of auction rate securities and that process has taken a lot longer than market participants expected. He said Goldman Sachs just priced a transaction with Assured Guaranty last week with the same type of underlying rating, and got tremendous support for that financing. The rating agencies are ready to provide their ratings and absent some unknown market dislocation, the Authority will be provided enough flexibility to be able to finance the project.

Representative Denham asked how the Authority will manage the risk of rising interest rates given the variable rate instruments. Mr. Rousakis said they are planning to overlay on top of those variable rates a Securities Industry and Financial Markets Association (SIFMA) based fixed payer swap so that the rate the Authority pays is fixed. The Authority would have a few basis points of basis risk.

In response to questions from Representative Denham, Mr. Rousakis said the Authority's interest rate is anticipated to be between 5.25% and 5.50% over a 35-year period, which is a lot better than the 6% plus they were looking at just a few weeks ago.

Senator Tori said it was her understanding that the rating agencies give no credence to Kentucky's tax increment financing (TIF) in the rating process. She asked if this was correct.

Mr. Rousakis said TIF financing is always very difficult. They are always lower rated types of credits. There has been some concern about the TIF as it relates to this project because of its structure and underlying assumptions, in terms of the base line increasing over time. He said they have worked very hard with the rating agencies as well as with the insurers to explain why the TIF is creditworthy. He said from the rating agencies' perspectives, TIF revenues have been discounted.

Representative Damron asked if a bond insurer will be used. Mr. Rousakis responded affirmatively, and said they plan to use Assured Guaranty, which is a clean AAA insurer, and a liquidity facility on top of that.

Representative Damron asked what will happen to the Authority's costs if its bond insurer is downgraded. Mr. Rousakis said if this happens, the Authority could potentially have exposure to the variable rate on the bonds.

Representative Damron asked who will pay the cost of the financing if years down the road the Authority cannot. Mr. Rousakis said the Authority has contracts right now with the Commonwealth and the Louisville Metro Government, and neither of the two are exposed because of the built in coverage. He said as time goes on, the credit quality of the Authority will improve, and construction related risks will be gone. The TIF revenues will hopefully meet the original projections.

Representative Denham asked who will pay the cost of this project down the road should something happen. Mr. Rousakis said the bond insurer will be responsible.

Representative Wayne said he is not confident that this project is financially sound. He commented that the state could have a mess on its hands if interest rates go up and a bond insurer that has been downgraded in the market, such as Ambac, is responsible for the cost of the project. Mr. Rousakis said anything can happen, but the good thing is that the Authority did not enter the market before things fell apart in the municipal market. He said they now know what areas are broken and what insurers have exposure to sub-prime mortgages.

Mr. Rousakis said under a project financing, a bond insurer always has the right to control the project, and the bond insurer can require the Authority to improve the revenue situation of this project. He said the goal is to minimize the risk to the Authority and everyone related to the transaction. He said a traditional fixed rate bond scenario actually seems a lot more viable type of approach. There could be a situation where a small portion has to be done variable with a swap. In that case, the exposure is minimized, and there is a significant amount of coverage built into the transaction.

In response to another question from Representative Wayne, Mr. Rousakis said no decision has been made as to whether the bond issue will be fixed or variable rate. The market will dictate that decision and because of this, they are asking for as much flexibility as possible with this bond issue.

Mr. Rousakis said Assured Guaranty will probably be the bond insurer. FSA was originally not interested in the financing. MBIA was also contacted but they are not in favor in the market and do not like the TIF financing portions.

In response to additional questions from Representative Wayne, Mr. Rousakis said the bond insurance, as a percentage of the whole project cost, is 1.75% or $12-$13 million. He explained that insurance premiums are based on total principal and interest and the assumption is for 175 basis points, or 1.75% of total principal and interest on the transaction.

Representative Wayne asked about the status of protests filed by several demolition contractors earlier this year alleging that the Authority had failed to follow the state procurement law. Mr. Mark Grundy, Greenebaum Doll & McDonald, a firm hired by the Authority as its counsel, said there were two companies who filed bid protests with respect to the demolition. The first bid protest by CRS Demolition of Louisville was denied on the merits in that the protest was filed untimely and was deemed a waiver. The same company filed a second protest and another company, Dore & Associates Contracting of Bay City, Michigan, filed a protest. These protests are being reviewed by the Finance Cabinet; the Cabinet has issued a project continuation letter authorizing the demolition to move forward.

Representative Wayne said Jim Host, Chairman of the Louisville Arena Authority, had assured members at a previous Committee meeting they would follow the procurement code. He asked what was the nature of the complaints. Mr. Grundy said the Authority believes the procurement code was followed. He said the first bid protest by CRS centered around an argument that there should have been a competitive sealed process rather than competitive negotiation. The Finance Cabinet denied that bid protest on the grounds that CRS was aware of the nature of the Request for Proposals (RFP) when it was issued. The time for raising an issue with respect to the nature of the RFP was prior to CRS participating in the bid process. CRS submitted a bid, and after they were unsuccessful, they contested the actual structure of the bid. Under state law submitting a bid is deemed a waiver. In addition, their protest was not timely filed.

Mr. Grundy said the second set of protests came from CRS and Dore and Associates, which was a finalist. Both protests essentially are mirror images that allege there was a contract specification that was not followed. The state has responded by asserting a number of defenses: neither company met the two-week window for filing a bid protest; the specifications were in fact followed; and neither company properly complied with the RFP and therefore waived any protests. Mr. Grundy said the Finance Cabinet is reviewing the matter and has issued a letter authorizing the Authority to go forward under KRS 45A.290. Statutorily, once that letter is issued by the Finance Cabinet, the Louisville Arena Authority as a matter of law is free to go forward with the contract for demolition.

Mr. Grundy said at this time no word has been received from the companies as to whether they plan to take any further legal action.

Representative Wayne thanked Mr. Grundy for his thorough explanation.

Representative Denham then invited Tom Howard to comment on the project. Mr. Howard said they are comfortable with this financing arrangement. He said they will seek either another insurer or a direct pay letter of credit that will minimize the increased expenses associated with a bond issue.

Mr. Howard said if they convert to fixed rate that will take some time. The financing advantage is substantial, between 75 to 100 basis points. He said they are probably through the worst of the market turmoil with respect to bond insurers and Assured Guaranty has maintained its AAA ratings.

Mr. Howard said the Commonwealth has no additional obligation to this project, the contract with the insurer, or the direct pay letter of credit provider. The insurer or the direct pay letter of credit provider is responsible if the Authority cannot pay debt service on the bonds.

Representative Denham asked how the 175 basis point insurance premium compares with other projects of this type throughout the country. Mr. Rousakis said it is in line, if not a lower than fees for other public arena financings. He added that if this were a private arena, the fee would be significantly higher.

Representative Denham noted the 30-60 day window as far as selling these bonds. He asked if there is an absolute date that these bonds have to be sold. Mr. Rousakis said the Authority is working off its existing cash in order to pay its bills. The plan is for construction to begin by the end of June or early July, so they are working diligently to fund the construction fund and not slow down the construction of the project.

Representative Denham said they have done an excellent job of communicating with the Committee. He added that he had tremendous confidence in Mr. Workman, Director of the Kentucky State Fair Board, and his management abilities.

Representative Wayne asked if all three tiers of the bonding will be insured. Mr. Rousakis said they had built into their request for approval flexibility to issue bonds three tiers to the extent needed. The idea is the first tier of bonds would be insured, depending on how much the insurer is willing to insure on the transaction. If one company will insure the full $360 million of the bonds, then the transaction would have only one tier. To the extent a second tier is required, the bonds would still be investment grade. A third tier of bonds would not be insured and would be sub-investment grade. He said they could end up with one tier of bonds or three tier bonds, but the idea would be that the most senior bonds would be insured.

In response to questions from Representative Wayne, Mr. Rousakis said if the market were to take a downturn, the junior bonds could still be bonds that are investment grade at a triple B level rating. Sub-investment grade bonds would be sold to institutional investors. He said sophisticated investors understand the risks of these types of transactions, and there are fund managers that buy these types of bonds.

Mr. Rousakis added that Louisville Metro Government will not be liable for the bonds. The Authority has a contract with the local government that specifies the stream of payments including a minimum payment and a capped maximum payment.

Mr. Howard noted that the Commonwealth Convention Center was financed with bonds secured by the hotel tax. He said public facilities have utilized subordinated debt that has been sold as a private placement or through a negotiated sale.

Representative Wayne said he was concerned about the financing structure, given the current bond market. Mr. Rousakis said they have spent a lot of time with the Finance Committee and the Authority understands all its options and the risks. He said his firm is very concerned about reputational risks as well as what they sell to investors.

Representative Wayne said he appreciated all the hard work the participants have put into this project. He said this is very complicated project.

Representative Denham said the investors will make the decisions from this point on.

Representative Wayne made a motion to approve the KEDFA conduit issue for the Louisville Arena Authority project. His motion was made with the understanding that the market will determine the viability of the bond issue. He noted his motion is based on the fact that the Commonwealth is acting as a conduit. The motion was seconded by Representative Rudy. The motion failed, with three members voting "Aye" and three members voting to "Pass."

Representative Denham said the Committee would communicate its actions to the Finance Cabinet Secretary. The law provides an opportunity for the Finance Cabinet Secretary to override the Committee's action.

Ms. Fugate then reported a new bond issue: KEDFA Variable Rate Demand Revenue Refunding Bonds, Series 2008 (Retirement Housing Obligated Group - Colonial Gardens), not to exceed $18,000,000. The proceeds will be used to refinance auction rate securities issued by KEDFA and the City of Florence to improve long-term care facilities.

Senator Buford made a motion to approve the KEDFA bond issue. The motion was seconded by Representative Damron and approved by unanimous roll call vote.

Ms. Fugate reported that the KEDFA Board, at its February meeting, approved a resolution authorizing the conversion of bonds in auction rate modes to other interest rate modes. The three bond issues to be converted include: KEDFA Medical Center Revenue Improvement Bonds, Series 2004 (Ashland Hospital Corporation d/b/a King's Daughters Medical Center Project) - $45,000,000; KEDFA Medical Center Revenue Improvement Bonds, Series 2006 (Ashland Hospital Corporation d/b/a King's Daughters Medical Center Project) - $40,000,000; and KEDFA Variable Rate Revenue Bonds, Series 2004D (Catholic Health Initiatives) Auction Rate Certificates - $56,775,000. No Committee action was required.

Ms. Fugate said included in members' folders was the Semi-annual report of the Kentucky Asset / Liability Commission (ALCo) for the period through July 1, 2007 through December 31, 2007. The Commission is required to submit the report to CPBOC pursuant to KRS 56.863. No Committee action is required.

Representative Wayne asked Mr. Howard to update the Committee on the status of the KEDFA bond issue to finance the construction of the Kentucky Horse Park hotel. Mr. Howard said he had been out of the office for the last few days and, at this time, he did not have an update on this bond issue.

Ms. Fugate presented five new school bond issues with School Facilities Construction Commission (SFCC) debt service participation: Lee County; Lewis County (2); and Walton-Verona Independent, Boone County (2).

Representative Wayne made a motion to approve the school bond issues. The motion was seconded by Representative Rudy and passed by unanimous roll call vote. Representative Damron abstained from the vote, citing a potential conflict of interest.

Next, Ms. Osborne reported six locally-funded school bond issues submitted to the Committee for review this month: Bardstown Independent School District (Nelson County), Bullitt County, Estill County, Jessamine County, Kentucky Interlocal School Transportation Association (KISTA), and Powell County. She said all disclosure information has been filed, and no further action on the bond issues was required.

Ms. Osborne said the Committee's next meeting is scheduled for May 14, 2008, at 1:00 p.m. in the Capitol Annex Building. With there being no further business, the meeting adjourned at 10:15 a.m.